

Page Denied

Next 1 Page(s) In Document Denied

ARTICLE ATTACHED
ON PAGE A-1

NEW YORK TIMES
3 MARCH 1983

C.I.A. Analysts Now Said to Find U.S. Overstated Soviet Arms Rise

The following article is based on reporting by Leslie H. Gelb and Richard Halloran and was written by Mr. Halloran.

Special To The New York Times

WASHINGTON, March 2 — A dispute over Soviet military spending has erupted among intelligence analysts, according to Government officials, with specialists in the Central Intelligence Agency saying that the growth rate has been overstated for the last six years.

The C.I.A. specialists responsible for annual reviews of Soviet military spending now say that their previous estimates of increases of 3 to 4 percent each year, after inflation, may be wrong, and that the rate of growth may have been no more than 2 percent. Their judgment is based on evidence that the Soviet Union has been producing less military materiel than expected.

Difference May Be in Billions

The difference in growth rates of Soviet military outlays would mean that the Russians are spending the equivalent of several billions of dollars less each year than had been surmised.

While the new evidence is generally accepted within the C.I.A. and the State Department and among some military analysts, it is disputed by the Pentagon's Defense Intelligence Agency.

Senior officials of the C.I.A. and D.I.A. are also said to give the evidence a different interpretation. To them, Moscow has been spending as much as predicted but has been getting less for it, in part because of the higher price of more advanced arms, in part because of Soviet industrial inefficiency.

Government officials said the outcome of the debate could be politically explosive since the Reagan Administration has been talking about growing Soviet expenditures to help justify increases in American arms outlays. The military budget is already under criticism from both parties in Congress, from business groups and prominent former officials.

Government officials acknowledged that estimating Soviet military spending is an inexact art, based on incomplete information, subjective assumptions, and difficulties in translating Soviet ruble costs into dollar values.

Total Soviet military spending must be estimated because the single published Soviet budget figure labeled "defense" is believed to cover only a few unspecified categories of outlays. This figure has been fairly steady at about 17 billion rubles in recent years, or \$24 bil-

The D.I.A. has reported to Caspar W. Weinberger, the Secretary of Defense, that the Soviet Union spent the equivalent of \$222 billion, 44 percent more than the United States, in 1981, the most recent year reviewed.

No C.I.A. estimate for 1981 has been published, but officials said it was much lower and thus closer to the United States' military budget of \$154 billion.

Whatever the outcome of the debate, the gap in spending is being closed by President Reagan's large military outlays. While the Soviet Union has been increasing its spending, whether by 2 percent, according to the new estimates, or by the 3 to 4 percent estimated earlier, the United States in 1983 is scheduled to spend 2.5 percent more than in 1982.

Satellite Photos Being Used

To estimate Soviet spending, American analysts try to obtain information about weapons, equipment, construction, testing, training and operations, largely from satellite photographs. Then they undertake a laborious count and factor in other costs such as storage space for things unseen.

The specialists assign a dollar value to what it would cost to produce a similar tank, ship or plane in the United States, bring to bear judgments from Soviet statements and other intelligence, and run it through computers to arrive at a spending estimate.

Some American specialists on the Soviet economy have questioned the validity of this approach. In view of higher American labor costs, they say, weapons may be more expensive in the United States than in the Soviet Union, and attaching the United States dollar cost to Soviet-made weapons may exaggerate their cost to the Soviet economy.

Government officials now say that C.I.A. analysts were surprised late last year when their count of Soviet arms turned out to be less than might have been expected with growth rate of 3 to 4 percent. They looked back over the last six years and found that arms production rates had been more consistent with a growth rate of 2 percent.

Two Alternative Explanations

The analysts offered two explanations: Either the Russians were spending less than estimated or they were less efficient than presumed. The weight of opinion was said to be leaning toward the theory that expenditures had in fact been lower.

The analysts speculated that the slowdown in Soviet economic growth that has been observed since 1977 might have affected the military sector. In other words, as long as the economy was expanding at a rate of 4 percent a year, military spending kept pace. But when the economy slowed to 2 percent, the growth in military spending declined accordingly.

This reasoning aroused protests from the senior officials at the C.I.A. and the D.I.A. They placed greater weight on industrial inefficiency as an explanation. They also said modern weapons were costlier, so that a given amount of money would buy fewer but more capable weapons, as in the United States.

Recount Reported Under Way

Also, according to Pentagon officials, the D.I.A. questioned the C.I.A. analysts' count of Soviet weapons. A new count is said to be under way.

In addition, the Pentagon officials said the Soviet Union in 1981 spent \$45 billion for research and development, which they said was double the amount spent 10 years before. The official Soviet budget figure for "science," separate from "defense," has in fact doubled over the past decade, reaching some 22 billion rubles (\$31 billion) in 1981, but it is a lower figure than the American estimate for military-oriented research and development.

The Pentagon officials said they were less confident about this estimate because there is less to see and count. For their estimates, analysts examine Soviet publications, watch expansion of design bureaus, and monitor tests.

The officials said the Soviet military program was striking in its breadth.

Specifically, the Soviet Union has tested an intercontinental missile similar to the MX, as well as a small, mobile intercontinental missile, and is working on another long-range missile and a new submarine-launched ballistic missile, they said.